

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

**Post:** Pretoria

## **Food Processing Ingredients**

## **Food Processing Ingredients Market Report**

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**Report Highlights:**

The report remains the same as the 2012 Food Processing Ingredients report; only the 2013 statistics were updated.

## **Executive Summary:**

South Africa's agro-food and beverages processing sector, serving a population of about 53 million, remains a significant component of the manufacturing economy. The sector is developed, highly concentrated and competitive, producing high quality and niche products for local and international markets. The agro-processing (food and beverages) industry contributed \$2,903 million between January-August 2013, an annual percentage change of 4 percent. The sector has a number of competitive advantages, making it an important trading partner. The establishment of preferential trade agreements such as Customs Union for Southern African Customs Union countries, African Growth and Opportunity Act (AGOA) for the U.S. market, a Free Trade Agreements (FTAs) with Southern African Development Community (SADC) and with the European Union (EU), and other agreements which confer generous benefits to South Africa.

South Africa largest exports products are grapes, wine, apples, pears, citrus, and food preparations. Other important export products are avocados, pineapples, dates, and preserved fruits and nuts. South Africa January-August 2013 exports of agricultural, fish and forestry products to the United States experienced a 5 percent increase to \$207 million as a result of export of edible fruit & nuts, and beverage spirits & vinegar.

Based on the GTA Statistics, the January-August 2013 U.S. exports of agricultural, fish and forestry products to South Africa declined by 2 percent to \$204 million due to beverage spirits & vinegar; and sugar and sugar confectionery exports.

This South African sector offers U.S. exporters opportunities to supply raw materials or inputs for food processors. However, according to importers and buyers, the key factors to supplying to this market are competitive pricing, good quality products, and consistency in both quality and availability. It is important to know that the sector is divided into several subsectors: Canned and prepared meats; dairy products; canned fruit and vegetables; fish products; vegetables and animal oils and fats; baked products; sugar confectionery and cocoa; roasted peanuts and other nuts; coffee roasting, tea blending and packaging; animal feeds; beverages such as distilleries and wineries; and soft drinks.

This industry is dominated by a few very large, diversified, national and multinational food manufacturers, who have established market shares and control both production capacity and sales in most food categories. These conglomerates tend to be involved in a number of food groups, as well as in the production and retailing these products. New and smaller processors play an important role and continue to change the competitive environment of food processing in South Africa despite their limited market share.

Additionally, big multinational companies, such as Nestle (Switzerland), Unilever-Unifoods (UK), and Borden (US), operate their own manufacturing plants in South Africa, which produce and market their well-known brands. Other multinationals companies do not have processing facilities, but have arrangements with local manufacturers. For example, branded packaged foods of Knorr are manufactured under license by Robertson's, a major South African spice packer and food processor.

Many South African companies have formed associations with international companies, giving South Africa access to the latest technology and expertise. Examples of these are Simba and

Frito-Lay (US), Robertson's and Best Foods (US), NCD Clover and Danone (France); and H. J. Heinz (US) and Pioneer Foods South Africa which formed a joint venture company Heinz Foods South Africa (SA). This allows foreign companies penetration into the local market.

Food companies are among the largest holders of intellectual property rights (Unilever, Proctor & Gamble, and Nestle being the top three in South Africa), which involve patented processes, products, equipment, packaging technology, and trademarks.

Although there are over 1,800 food production companies, the top ten are responsible for 70 percent of the industry's turnover. South Africa's key players include national and multinational companies such as Tiger Brands, AVI, Premier Foods, Pioneer Foods, FoodCorp, First SA Foods, Nestle, Clover SA, Parmalat SA, Rainbow, Kellogg's SA, and South African Breweries. All of these food processors depend on formal retail chains to sell their manufactured products.

Massmart/Walmart, a retail group invested in a portfolio of focused wholesale and retail chains which distribute well known brands of food, liquor and general merchandise to a broad range of consumers in thirteen countries in Southern Africa. Massmart launched some farm initiative programs to develop its sourcing capacity in fresh produce, whereby they will provide training including market linkages with approximately 1 million small holder farmers and \$1 billion in food would be sourced from them in the next five years.

## Manufacturing Production and Sales

According to Statistics South Africa, the production of food and beverage manufactured products for August 2013 grew by 1.7 contributing 0.4 of a percentage point.

The table below highlights food and beverage annual percentage change in volume of manufactured production and estimated value of sales:

Food and Beverage Manufacturing Divisions	Production Indices (base 2010=100)				Value of Sales (US\$ million)			
	August 2012	August 2013	Annual % Change between August 2012 and August 2013		August 2012	August 2013	Annual % Change between August 2012 and August 2013	
Food and beverages	110	107	1.7		2,800	2,902	4.0	
Meat, fish, fruit, etc	112	107	-1.3		708	724	4.5	
Dairy products	111	105	-5.7		245	248	0.9	
Grain mill products	113	105	-4.1		496	495	2.3	
Other food products	109	106	12.6		633	628	4.0	
Beverages	107	111	-2.0		717	808	5.7	

**Source: Statistics South Africa**

### **Producer Price Index**

The table below depicts the producer price index numbers and percentage change contributions for domestic output of processed food products.

<b>Food Product</b>	<b>Indices</b>		<b>% change 2013</b>
	<b>August 2012</b>	<b>August 2013</b>	
Meat and meat products	99,4	104,8	5,4
Fish and fish products	99,9	109,8	9,9
Fruit and vegetables	100,5	105,4	4,9
Oils and fats	102,6	107,5	4,8
Grain mill products	98,1	104,2	6,2
Starches,, starch products and animal feeds	100,3	108,4	8,1
Bakery products	99,7	113,6	13,9
Sugar	100,0	99,4	-0,6
Beverages	101,0	105,7	4,7
Other food products	103,1	99,7	-3,3

**Source: Statistics South Africa**

### **Advantages and Challenges for U.S. Exporters**

<b>Advantages</b>	<b>Challenges</b>
To sell directly to processors, local importers/agents and/or directly to distribution centers.	South Africa is a strong food producer.
South Africans are developing a taste for western foods and are willing to try new products.	Consumers may need to be educated in preparing and eating products.
The growing food processing ingredients industry needs imported food and beverage products.	Already acquired tastes and preferences for traditional locally produced products.
South Africa is the gateway for regional markets.	Competition is stiff from other countries and locally produced products.
Established agro-processing industry.	While sophisticated for a developing country, much of the latest U.S. technology is far beyond the horizons of even the most richly-resourced SA food companies.
South African processors and importers seek suppliers who can offer reliable and quality products at competitive prices.	Challenge for U.S. suppliers to respond to trade inquiries in a timely fashion. Also South Africa is a smaller market and may not be able to deal in the volumes that U.S. companies are used to.
South African consumers view U.S. products as high quality.	Limited knowledge of processors and consumers of the variety and quality of U.S. products.
English is one of the 11 official South African languages and virtually everyone is proficient in English.	Processors already have long-standing relationships with European suppliers due to historical ties.

## SECTION 2: ROAD MAP FOR MARKET ENTRY

### Entry Strategy

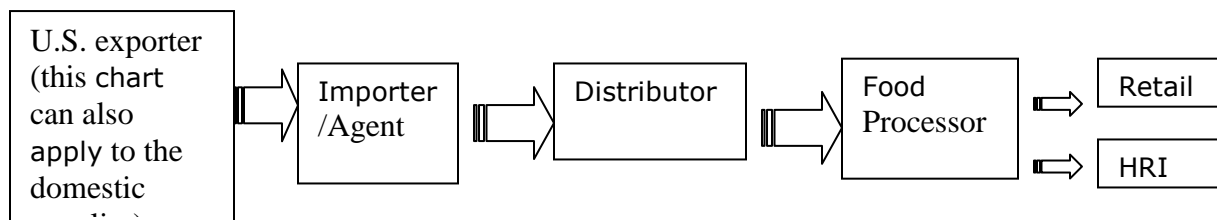
New U.S. exporters in this market need to fully understand the food processors' needs and how best to meet their purchasing requirements and specifications. They should consider the following when planning to enter the market:

- South Africa has a strong domestic food processing industry, but continues to import food ingredients and additives from all over the world.
- Will the price for U.S. products be competitive with other suppliers?
- The food processor's purchasing policy, i.e. whether it buys directly from overseas suppliers or via local importers/agents.
- It is important to note that some companies prefer to buy through local agents because they are better positioned to deal with any quality problems encountered by the buyer immediately.
- The financial strength of the targeted food processor, the geographical network of its target markets, level of demand for imported food ingredients, level of R&D activities and investments into new product introduction, and level of interest in using new ingredients from the United States.

### Market Structure

#### Distribution Channels

This chart gives an overview of the usual distribution channel for imported food ingredients from U.S. exporters to food processors.



Large food processing companies prefer to source their food ingredients directly from overseas suppliers instead of using local agents because they can:

- Benefit from cost savings when buying in bulk from the overseas suppliers.
- Control the quality of the ingredients they obtain.

Smaller South African food processors tend to prefer to purchase from local agents because they can:

- Obtain better service from the local agent who buys large quantities from overseas.
- They require small quantities of food ingredients.
- Local suppliers make it more convenient for processors to deal with quality issues.

## Company Profiles

A table below provides information on South Africa's major national and multinational food processing groups.

Company and Product types	Estimated Sales (US\$ million)	End-use-channels	Production Location	Procurement Channels
<p><b>Tiger Brands</b> is a branded fast moving consumer packaging goods and healthcare company that operates mainly in South Africa. It is listed on the Johannesburg Securities Exchange (JSE) South Africa with about a 53 percent market share. Tiger Brands operates in the Milling and Baking; groceries, confectionery (snacks and treats), beverages, value added meat products, fruit and vegetables, and Out of Home Solutions of the food services sector industries. Some of the well known brand names includes All Gold, Black cat, Cross and Blackwell, Energade, Enterprize, Fattis &amp; Monnis, Mabele Meal, Jungle oats, King Korn, Halls, Koo, Lucky Star, Morvite, Oros, and Tastic Rice. Following financial figures reflected are until March 2013.</p> <p><u>Grain</u> Milling and Baking = \$346 Other Grains = \$130</p> <p><u>Consumer Brands</u> Groceries = \$196 Confectionery (Snacks and Treats) = \$93 Beverages = \$63 Value Added Meat Products = \$82 Out of Home Solution = \$20 Exports (canned fruit and vegetables, which includes the deciduous fruit) = \$128</p> <p><a href="http://www.tigerbrands.com">http://www.tigerbrands.com</a></p>	\$1,398	Wholesaler/ Retail/HRI	South Africa, Cameroon, Kenya, and Zimbabwe	Direct/ Agents
<p><b>ASTRAL FOODS LTD</b> is a leading South African poultry producer of animal feeds, production and sale of day old chicks, and hatching eggs and sales and distribution of various key poultry brands. Brand names</p>	.85	Wholesaler/ Retail/HRI	South Africa, an subsidiaries in Mauritius, Mozambique, Swaziland	Direct/Agents

include Astral Foods, Country Fair, Ross Poultry, Earlybird, Meadow Feeds, National Chicks, Tiger Chicks, Tiger Feeds, Nutec SA, and Call labs. Financial figures reflected are until November 2013.  <a href="http://www.astralfoods.com">www.astralfoods.com</a>			and Zambia	
<p><b>AVI Group</b> is listed on the JSE. It is comprised of trading subsidiaries that manufacture, process, market and distribute branded consumer products in the food, beverage and fashion categories. This report concentrates only on food and beverages.</p> <p>Food categories include groceries, frozen and fresh to market.</p> <p>Groceries (Tea, coffee, biscuits and snacks)</p> <p>Frozen (fish farming, fish and seafood products)</p> <p>Fresh to market (fresh and canned vegetables, especially mushrooms, and juices)</p> <p>AVI is responsible for many of South Africa's favorite brands such as I &amp; J, Five Roses tea, Bakers cookies, Baumann's cookies, Ellis Brown creamer, Ciro Coffee, Koffiehuis Coffee, Frisco coffee, House of Coffee, Freshpack, Provita, Pyotts, Willard's potato chips, and Juice brands includes Sir Juice, The Real Juice, and Quali Juice.</p> <p><a href="http://www.avi.co.za">www.avi.co.za</a></p>	922	Wholesaler/ Retail/HRI	South Africa	Direct/ Agents
<p><b>Premier Foods</b> is one of South Africa's largest staple food producer, distributors and marketer of milling and baking products. Categories include maize/corn, bread, wheat and rice. The company carries five of the top 20 of South Africa consumer brands amongst include as Bread (blue Ribbon), flour (snowflake), and maize meal (Iwisa No 1).</p> <p><a href="http://www.premierfoods.com">www.premierfoods.com</a></p> <p>Premier Fishing is a subsidiary of Sekunjalo Foods. Sekunjalo's product categories include organic aquaculture (fertilizers and organic abalone farming), and fishing (processors of lobster, squid and hake).</p>	Not available	Retail/ Convenience Stores	South Africa	Direct/ Agents
<b>Pioneer Foods Group Ltd</b> is one of	1,016	Distribution	South Africa	Direct/

the leading food manufacturers in South Africa and a diversified dominant player of the staple food and value-added products. The company products categories include baking aids or cake mixes; groceries, tea/coffee, breakfast cereals, biscuits, condiments, juices and acidic drinks, dried fruits, eggs and broiler rearing, and animal feeds. Some of leading brands include Bokomo, Ceres Juice, Heinz, HP Sauce, Liqui-fruit, Nova Feeds, John West, SAD, Safari, Sasko, Weet-Bix, etc. Estimated sales reflected till March 2013.  <a href="http://www.pnr.co.za">www.pnr.co.za</a>		Center/ Wholesalers/ Retail/HRI		Agents
<b>FoodCorp Pty Ltd</b> produces and distributes ingredients for staple foods and other fast moving consumer goods. Products range includes consumer brands such as groceries, milling, baking, processing of fish, beverages, pie, with high-end specialty ready to eat meals which are produced and distributed by two Sub-divisions of Specialty and Meal Solutions. Brand names includes Canola Oil, Fifers Bakery, Gourmet Foods, Glenryk, Mageu Number 1, Nola, Ouma Rusks, Pieman's, Ruto Mills, Sunbake, Super Mabela, Superting, and Yum Yum.  <a href="http://www.foodcorp.co.za/">http://www.foodcorp.co.za/</a>	Not available	Wholesaler/ Retail/HRI	South Africa	Direct/ Agents
<b>Clover Industries Ltd</b> , listed with the JSE since December 2010 is the largest dairy group in South Africa - dairy products categories includes cream, milk/ flavored milk, condensed milk, yoghurts, cheese, health teas, butter/spreads, desserts, and beverages such as fruit juices, nectars, and ice teas. http: <a href="http://www.clover.co.za">www.clover.co.za</a>	818 (2011 turnover)	Distribution Center /Retail/HRI	South Africa with subsidiaries in Botswana, Namibia, Swaziland, and West Africa.	Direct/ Agents
<b>Unilever South Africa Holdings Pty Ltd</b> a subsidiary of Unilever Plc., Manufactures fast moving consumer goods (fmcg's) in foods, home and personal care products product lines includes (spices, sauces, dressings, , margarine, teas, syrups, and food solutions). Food solutions works with caterers, restaurants, hotels and fast food chains.  <a href="http://www.unilever.co.za">www.unilever.co.za</a>	Not available	Distribution Center /Retail/HRI	South Africa	Direct/ Agents
<b>Rainbow Chicken Ltd</b> , South Africa's producer and marketer of chicken products. Subsidiaries of Rainbow Chicken Ltd include	1,078 (2011 turnover)	Distribution Center/Wholesaler/Retail/ HRI	South Africa	Direct/Agents



<p>Rainbow Farms Pty Ltd, Rainbow Chicken Foods (Pty) Ltd, and Vector Logistics (Pty) Ltd.</p> <p>Rainbow brands include own brand, farmer brown, bonny bird, and rainbow food solutions, and vector logistic solutions. It also produces dealer own brands for some retailers and wholesalers.</p> <p><a href="http://www.rainbowchicken.co.za/">http://www.rainbowchicken.co.za/</a></p>				
<p><b>Parmalat South Africa</b> is owned by Parmalat SpA – an Italian dairy company. It is a leader in the South African dairy industry. Their products include milk, yoghurt, ice cream, cheese, and fruit juices.</p> <p><a href="http://www.parmalat.co.za">http://www.parmalat.co.za</a></p>	Not available	Distribution Center /Distributor/Wholesaler/ Retail/HRI	South Africa, Botswana, Mozambique, Swaziland, and Zambia	Direct/Agent
<p><b>Kellogg Company of South Africa Pty Ltd</b> is the world's largest manufacturer of Ready-To-Eat cereals, and the market leaders in South Africa in the ready-to-eat cereals business. Their products category includes breakfast cereals, cookies/crackers, natural/organic/frozen, and specialty cereals.</p> <p><a href="http://www.kelloggs.co.za">www.kelloggs.co.za</a></p>	Not available	Distributor/ Wholesaler/ Retail	South Africa	Direct/ Agent
<p><b>SAB Miller PLC</b>, one of the world's largest brewers, also one of the world's largest bottlers of Coca Cola products. It operates seven breweries in South Africa and dominates the local brewing industry with a market share of about 90 percent. 70% of SAB's income is derived from beer, with the rest coming from soft drinks and sorghum beer. The wine industry is also relatively large, ranked eighth in world output.</p> <p><a href="http://www.sabmiller.com">www.sabmiller.com</a></p>	2,426 (2011 turnover)	Wholesaler/ Retail/ HRI	South Africa and Namibia	Direct/ Agent
<p><b>Distell Group Ltd</b>, partly owned by SABMiller is South Africa's leading fine-wine, spirits, and ready-to-drink (RTD) alcoholic beverage producer, marketer and distributor. The group is South Africa's leading producer and marketer of wines, spirits and flavored alcoholic beverages. Amarula cream liqueur (the world's most consumed) being one of its major exporting product. 76 percent production occurs in South Africa including distribution with sales offices in Angola, Botswana, Mauritius, Namibia, Swaziland, Europe, North and Latin America, including Asia.</p> <p><a href="http://www.distell.co.za">www.distell.co.za</a></p>	1,541 (2011 turnover)	Wholesalers/ Retail/HRI	South Africa	Direct/Agent

<b>Illovo Sugar Ltd</b> , Africa's largest cane sugar and one of the world's lowest-cost producers. It is a subsidiary of Associated British Foods Plc., with extensive agricultural and manufacturing operations in six African countries of South Africa, Malawi, Mozambique, Swaziland, Tanzania, and Zambia producing refined and refined sugar. Illovo's 83 percent of sugar production by volume is sold into domestic or premium-priced exports market, 12 percent sold to regional markets, with the remaining balance sold on the world free market. To boost exports Illovo looks to capitalize on tariff-free access to EU countries. <a href="http://www.illovosugar.com">www.illovosugar.com</a>	1,014 (2011 turnover)	Wholesaler/ Retail/HRI/Bakers/Food processors/Minerals/Sweets	South Africa, Malawi, Mozambique, Swaziland, Tanzania, and Zambia	Direct/Agent
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**Source: Industry websites and trade press**

## Sector Trends

The South African market mirrors similar global trends related to health, convenience, and value for money for food products.

- Global trends indicate that consumers are moving to **healthy and convenient** products that provide value.
- Another trend that has been growing for several years and continues to grow is demand for **convenience foods**. This is led by an increasing number of households where both partners work and an increasing number of affluent households that can pay for convenience.
- Manufacturers calibrate towards private labels to capitalize on the growing demand of private label offerings.
- Fruit juice manufacturers import **grape and apple juice for blending** with own fruit juices.
- Numerous pieces of **legislation** impacting the sector including recent promulgated Consumer Protection Act which gives consumer the right to address to a tribunal complaints on the quality of products.
- South Africa **food processors, canners and packers** offer a good opportunity for U.S. suppliers of raw material.
- Market research confirms that consumers expect food that is not only **ready-to eat**, but is safe, nutritious, tasty, natural, like-fresh, and feels like a good value for money.
- Sales of **organic food** are rising and retailers such as Woolworths and Pick-n-Pay capitalize on the trends and stock organic products targeting the upper Living Standard Measures (LSM). Products include free range beef, lamb, pork, and chickens including vegetables, and wine.
- Another trend is the demand for **goat-derived dairy products** which is a niche that keeps growing.
- Use of **health ingredients** in many foods and drinks which is becoming increasingly important in the food industry due to increased focus on food safety and security by the recent legislative and regulatory.

- **Flavor** developers feel food processors are overly risk averse and lack insight into changing demographics and consumer habits. Opportunity and growth, they concur, lie in developing 'cross-over' or fusion products and flavor profiles for the newly empowered black market that wants to keep in touch with traditional roots but aspires to previously unaffordable foods.
- **Kosher and Halaal** foods products are a niche that keeps growing.

### SECTION 3: COMPETITION

The U.S. exporters face stiff competition, especially from European countries, Argentina, Brazil and Thailand. The United States is the fourth largest supplier of agricultural, fish and forestry products to South Africa. The rising domestic demand and the inability of local producers to meet it are creating opportunities for imported products. As a result, the sophisticated and expanded middle to upper income groups which have an appetite for foreign tastes and flavors are a major target for imported products.

#### Imports of Selected Ag, Bulk and Intermediary Products in US Dollars: January – August 2013

Product Category	Major Supply Sources	Strengths of key Supply Countries	Advantages and Disadvantages of Local Suppliers
Red Meats Fresh/Chilled/Frozen  Net imports from the world of \$85 million in 2013 versus \$121 million in 2012.  Note: SA net exports were \$28 million in 2013 versus \$20 in 2012.	Germany – 23% Australia – 21% Canada – 17%  USA is an irrelevant supplier of 1%	The pattern of imports in this category is variable and depends largely on local conditions, including quality and competitive price by the suppliers. Germany a leading supplier due to Free Trade Agreement (FTA) with South Africa as a member of the European Union.	South Africa produces a very high quality beef with the domestic undersupply made up with imported meat and meat products.
Poultry Meat  Net imports of \$263 million in 2013 versus \$254 million in 2012.  Note: SA net exports were \$15 million in 2013 versus \$9 million in 2012.	Brazil – 44% Netherlands – 19% United Kingdom – 12%  USA is a minor supplier with 4% market share.	Brazil remains a leading trading partner for South Africa in terms of poultry due to FTA with South Africa. The United States poultry exports to South Africa have been constrained by anti-dumping duties since 2000.	Domestic demand for poultry meat is growing and outpaces the performance of any other proteins on the market. Domestic producers are unable to meet consumption needs. South Africa's major chicken producers are Astral foods, Rainbow Chickens, Pioneer Foods, Sovereign and Dagbreek.
Turkey Meat  Net imports of \$34 million in 2013 versus \$25 million in 2012.  Note: SA net exports were \$1 million in 2013 versus \$358 million in 2012.	Brazil – 54% USA – 26% Canada – 13%	Competition, price and quality are the key strengths these suppliers. With the growing trend towards healthier lifestyles, turkey products are becoming popular.	South Africa is a net importer of turkey meat products. Not enough local production since turkey meat is a South African favorites or commonly consumed except during Christmas time. However, the trend is changing as they start to make regular appearance in restaurant menus.
Fish and Seafood Products  Net imports of \$237 million in 2013 versus \$231 million in	Thailand – 55% India – 12% China – 10%	Despite being a net exporter, South Africa imports continue to increase to supplement domestic	Major South African fish traders and processors are Sea Harvest (owned by Tiger brands); Irvin and Johnson (AVI), Oceana, Premier

2012.  Note: SA net exports were \$332 million in 2013 versus \$337 million in 2012.	USA is a minor supplier of 1%.	demands.	Foods, and Sekunjalo.
Dairy Products excluding cheese  Net imports of \$79 million in 2013 versus \$105 million in 2012.  Note: SA net exports were \$80 million in 2013 versus \$66 million 2012.	France – 24% New Zealand – 18% USA – 12%	Despite being a net exporter, South Africa imports continue to increase to supplement domestic demands.	South Africa is a net importer of dairy products particularly whey, concentrated milk and cream to supplement insufficient domestic production.
Pulses  Net imports of \$53 million in 2013 versus \$67 million in 2012.  Note: SA net exports were \$4 million in both 2013 and 2012.	China – 42% Canada – 12% Ethiopia – 9%  USA supplier of 8%.	China enjoys a bilateral trade agreement with South Africa. Domestic production is insufficient to cover local demand so imports supplement domestic demands.	South Africa is a net importer of pulses. Pulses are an important protein source in South Africans diet and imports make up for the shortfall between domestic production and demand. Also, pulses are highly seasonal imported from November – March in 50kg bags. Pulses are used in South Africa by manufacturer for further processing of soups and broths.
Vegetable Oils Exc. Soybean oil  Net imports of \$376 million in 2013 versus \$523 million in 2012.  Note: SA net exports were \$44 million in 2013 versus \$62 million in 2012.	Indonesia – 34% Malaysia – 24% Argentina – 16%  USA a minor supplier of 1%.	Shortages of oils are supplemented with unrefined oil imports which are refined and packaged by local oil expressers. Malaysia provides quality and competitive prices.	South Africa is a net importer of edible oil productions. Local producers are unable to meet demand due to crop size. Shortages of oils are supplemented
Sugar/Sweetener/Beverage Bases  Net imports of \$102 million in 2013 versus \$91 million in 2012.  Note: SA net exports were \$112 million in 2013 versus \$82 million in 2012.	Brazil – 63% China – 10% Mozambique – 9%  USA a minor supplier of 4%.	A growing domestic demand calls for imported products from competitive suppliers to supplements.	South Africa is a leading producer and a net exporter of sugar related products. Local production is sufficient to meet demand.
Breakfast Cereal/Pancake Mix  Net imports of \$13 million in 2013 versus \$15 million in 2012.  Note: SA net exports were \$22 million in 2013 versus \$20 in 2012.	United Kingdom – 29% Thailand – 28% Germany – 20%  USA supplier of 10%	Imports from competitive suppliers supplements supply.	South Africa is a net exporter of breakfast cereal products. Local production is sufficient to meet demand.
Fruit & Vegetable Juices  Net imports of \$73 million in	China – 60% Argentina – 19%	Potential exports to South Africa are for exotic fruit and vegetables such as berries,	South Africa is a net exporter and self-sufficient in basic fruit and vegetable requirements.

<p>2013 versus \$75 million in 2012.</p> <p>Note: SA net exports were \$143 million in 2013 versus \$141 million in 2012.</p>	<p>Brazil – 6%</p> <p>USA a minor supplier of 0.44%</p>	<p>kiwi fruits, including off season fruit and vegetables from competitive suppliers.</p>	
<p>Processed Fruit &amp; Vegetables</p> <p>Net imports of \$112 million in 2013 versus \$115 million in 2012.</p> <p>Note: SA net exports were \$255 million in 2013 versus \$254 million in 2012.</p>	<p>China – 22%</p> <p>Belgium – 11%</p> <p>Italy – 10%</p> <p>USA - 6%.</p>	<p>Opportunities exist for competitive suppliers of grape and apple juice which are used as a base for other fruit juices, prepared and preserved tomatoes, and fruit pulp.</p>	<p>South Africa is a net exporter, and domestic production is sufficient to cover local demand.</p>
<p>Wine and Beer</p> <p>Net imports of \$34 million in 2013 versus \$38 million in 2012.</p> <p>Note: SA net exports were \$568 million in 2013 versus \$480 million in 2012.</p>	<p>Italy – 47%</p> <p>France – 34%</p> <p>Netherlands – 6%</p> <p>USA a minor supplier of 0.14%.</p>	<p>Due to the rapid increase in exports of South African wines which creates a niche for specialty wines and beers from competitive suppliers.</p>	<p>South Africa is a net exporter of wine and beer, particularly wine of fresh grapes. The South African wine industry is relatively large and extensive ranked seventh in world output. South Africans' tastes and preferences are becoming more sophisticated and the average consumer is increasingly expecting a wide range of wine and beer.</p>
<p>Distilled spirits</p> <p>Net imports of \$237 million in 2013 versus \$120 million in 2012.</p> <p>Note: SA net exports were \$93 million in 2013 versus \$70 million in 2012.</p>	<p>United Kingdom – 66%</p> <p>France – 7%</p> <p>Italy – 6%</p> <p>USA a minor supplier of 5%.</p>	<p>Sophisticated tastes and preferences of South Africans calls for a range of whiskey products. UK continues to be leading trade supplier of this category. Despite lack of brand awareness of U.S. whisky products among south African consumers, U.S. saw increased in whisky exports.</p>	<p>South Africa is a net importer of distilled spirits particularly whiskies. Local production is not enough to meet local demand.</p>

**Source: Global Trade Atlas**

## **SECTION 4: BEST PRODUCT PROSPECTS**

### **A. Products in the market with good sales potential**

South Africa is known for its well developed food processing sector which produces a wide range of processed food products, the local production is not enough so opportunities exist for imports to supplement the needs. Despite stiff competition from the EU countries which in most instances benefits from low import tariff rate to enter the South African market, the American brands are becoming increasingly popular given their high quality attributes including price.

<b>Product Category</b>	<b>Jan – Aug 2013 South Africa Imports from the World (\$1,000,000)</b>	<b>Jan – Aug 2013 U.S. Exports to S.A. (\$1,000,000)</b>	<b>Percentage of Annual Import Growth U.S.</b>	<b>U.S. Import Tariff Rate</b>	<b>Key Constraints Over Market Development</b>	<b>Market Attractiveness for U.S.</b>
Almonds (shelled)	9	8	2	free	free from the EU countries	U.S. has largest market

nuts) HS080212						share of 89% due to quality and price. South Africa produces only macadamias and pecan nuts.
Salmon HS160411	3	2	421	6c/kg	6c/kg	U.S. has the largest market share of 58%.
Glucose and Glucose Syrup HS170240	3	2	-43	free	Free from the EU countries	U.S. has the largest market share of 81%.
Protein Concentrates HS210610	9	5	25	10-20%	EU countries import tariff rate to enter South Africa is free to 2.6%	U.S. has the largest market share of 55%.
Food Preparations HS210690	114	20	-2	Varied from free, 5-20%, and 154c/liter for alcoholic preparations	Varied and from the EU countries import tariff rate is free to 2.6%.	U.S. has the largest market share of 17%.
Baking powders (baking inputs) HS210230	14	207	-93	30%	From the EU countries import rate is 3.9%.	U.S. has the largest market share of 2%.
Sauces, condiments and seasonings HS210390	12	3	-32	5-20%	From the EU countries import tariff rate is free to 2.6%.	U.S. has the largest market share of 23%.

Source: Global Trade Atlas

## B. Products not present in significant quantities but have good sales potential

Selected products below including products not currently available or known about in South Africa have good sales potential. Despite stiff competition from the EU countries which in most instances benefits from low import tariff rate to enter the South African market, American brands are becoming increasingly popular among South African consumers given their high quality attributes including price.

Product Category	Jan – Aug 2013 South Africa Imports from the World (\$1,000,000)	Jan – Aug 2013 U.S. Exports to S.A. (\$1,000,000)	Percentage of Annual Import Growth U.S.	U.S. Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S.
Sausage	46	6	-4	free		South Africa is

casings (HS0504)						a net importer of sausage casing products. The import tariff rate is free from both the U.S and the EU countries. USA has 14% market share after China with 62%.
Flour and meal of dried leguminous vegetables (HS1106)	528	71	67	Free to 20%	From EU countries free to 2.6%	U.S has a market share of 14%.
Malt (HS1107)	42	4	-58	Free to 3%	EU free to 0,111c/kg	U.S. has a 9% market share.
Plants of parts of plants (including seeds and fruits) (HS1211)	2	135	-3	Free to 20%	EU countries enters duty free to 2.6%	U.S. has a 7% market share.
Vegetable Saps and Extracts (HS1302)	20	2	-3	Free to 25%	EU countries duty free to 3.25%	U.S. has a market share of 8%.
Lard (HS1501)	330	20	-52	Duty free	Duty free from EU	U.S. has a market share of 6%.
Fats and oils (HS1504)	528	64	16	Duty free	Duty free from EU	U.S. has a market share of 6%.
Fixed vegetable fats and oils (HS1515)	7	447	-51	10%	EU countries duty free to 1.3%	U.S has a market share of 6%.
Prepared foods obtained by the swelling or roasting of cereal products (HS1904)	13	1	5	5c/kg to 25%	EU countries duty free to 3.25%.	U.S. has 10% market share.
Bread, pastry, cakes, and biscuits (ingredients) (HS1905)	33	2	21	3.6c/kg to 25%	EU countries duty free to 2.73%.	U.S. has a 7% market share.
Ethyl alcohol, spirits, and liqueurs (HS2208)	236	13	-11	136c/liter to 154c/liter including additional costs of R2.31/Liter to R93.03/liter levied on	From EU countries R17.68c/liter to R20.02c/liter including additional costs of R38.00/liter to R93.03	U.S. has a market share of 5% particularly on (HS220830).

				customs and excise respectively .	levied on both the Customs, and Excise duties.	
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Source: Global Trade Atlas

### C. Products not present because they face significant barriers

Product Category	Jan – Aug 2013 South Africa Imports from the World (\$1,000,000)	Jan – Aug 2013 U.S. Exports to S.A. (\$1,000,000)	Percentage of Annual Import Growth U.S.	U.S. Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S.
Chicken Cuts 020714	173	3	-64	220c/kg	Brazil with 47.53% market and US 2.96%. The general rate of duty for this tariff is 220 c/kg in Rand. For the EU the rate is 165 c/kg and it is free for the SADC countries. The anti-dumping duty on product from Tyson Foods is 224 c/kg, from Gold Kist Inc it is 245 c/kg and 940 c/kg from any other United States producers. South Africa imposed the anti-dumping duties on Brazilian chicken in February 2012.	Consumer demand continues to increase and domestic production is not keeping up. However, prohibition of United States poultry exports to South Africa of chicken leg quarters (02071490) since 2000 are restricted by an anti-dumping duty.
Meat of Bovine frozen (0202)	5	72	1.35	40%	Australia with 45.20% market share to supplement imports. Beef products from SADC countries are imported into South Africa duty free.	The United States beef products into South Africa are banned since 2003.
Animal Feed Preparations (230990)	42	4	31.23	free	France with 27% market share.	The U.S. has 11% of the market share. Lysine feed



						products are impacted due to dumping duties imposed on the U.S. since 2007
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Source: Global Trade Atlas

## SECTION 5: POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need further assistance, please contact AgPretoria at the following address:

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For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service's website at: <http://www.fas.usda.gov>

Post acknowledges the following sources: Industry websites such as World Trade Atlas, Statistics South Africa, the Department of Trade and Industry, local foodservice industry publications, local press, and individual company websites.